REMARKS/ARGUMENTS

Favorable reconsideration of this application, as presently amended and in light of the following discussion, is respectfully requested.

Claims 1-14 are pending, Claims 1-14 have been amended by the current amendment.

No new matter has been added.

In the outstanding Official Action, Claims 7 and 14 were rejected under 35 USC 101 as being directed to non-statutory subject matter; Claims 1-4, 7-11, and 14 were rejected under 35 USC 102(b) as being anticipated by Neff et al.; Claims 5 and 12 were rejected under 35 USC 103(a) as being unpatentable over Neff et al. in view of Abe; and Claims 6 and 13 were rejected under 35 USC 103(a) as being unpatentable over Neff et al. in view of Hu.

In response to the 35 USC 101 rejection, Applicants have amended the preamble of claims 7 and 14 consistent with the recommendations made in the office action.

Consequently, no further rejection pursuant to 35 USC 101 is anticipated.

Briefly recapitulating, the present invention (claim 1 as amended) is directed to an image encoding device including, among other things, conversion means for converting coding target blocks within a coding target image into conversion information; and encoding means for generating compression data by encoding quantized conversion information based on the size of the blocks, and for generating a compression code used to generate the compression data. The encoding means encodes the quantized conversion information based on a plurality of sizes of the blocks, and generates the compression code corresponding to each size of the blocks. The block size and compression code corresponding the lowest bit rate is included in header information.

As a consequence of this configuration, the bit rate of compression data can be reduced as a compression code corresponding to an optimal block size for every coding target

frame can be communicated via the header to the decoder. See the Specification, page 32, line 22- page 33, line 1.

Claim 3 is directed to the analog encoding method of claim 1. Claim 7 is directed to a computer readable medium encoded with computer executable instructions for encoding an image according to the method of independent claim 3.

Claim 8 is directed to an image decoding apparatus including a decoding means for decoding block size information included in a header, and for generating quantized conversion information by decoding compression data based on the decoded block size information. Claim 10 is directed to the analog decoding method of claim 8. Lastly, claim 14 is directed to a computer readable medium encoded with computer executable instructions for decoding an image according to the method of independent claim 10.

In contrast to the present invention, the MP method of the <u>Neff</u> publication does not optimize the block size for encoding or decoding. Rather, the image is merely divided into 16 x 16 blocks, for example. See Sec. III, Part A of <u>Neff</u>. Applicants respectfully submit that, contrary to the assertions in the office action, <u>Neff</u> fails to teach or suggest optimizing the block size or communicating the optimal block size to a decoder using the header. For the foregoing reasons, <u>Neff</u> is not believed to anticipate or render obvious the subject matter of the present invention when considered alone or in combination with the other art of record.

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In view of the present amendment and in light of the above discussions, it is believed that the outstanding rejection is overcome, and the application as amended herewith is believed to be in condition for formal allowance. An early and favorable action to that effect is respectfully requested.

Respectfully submitted,

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